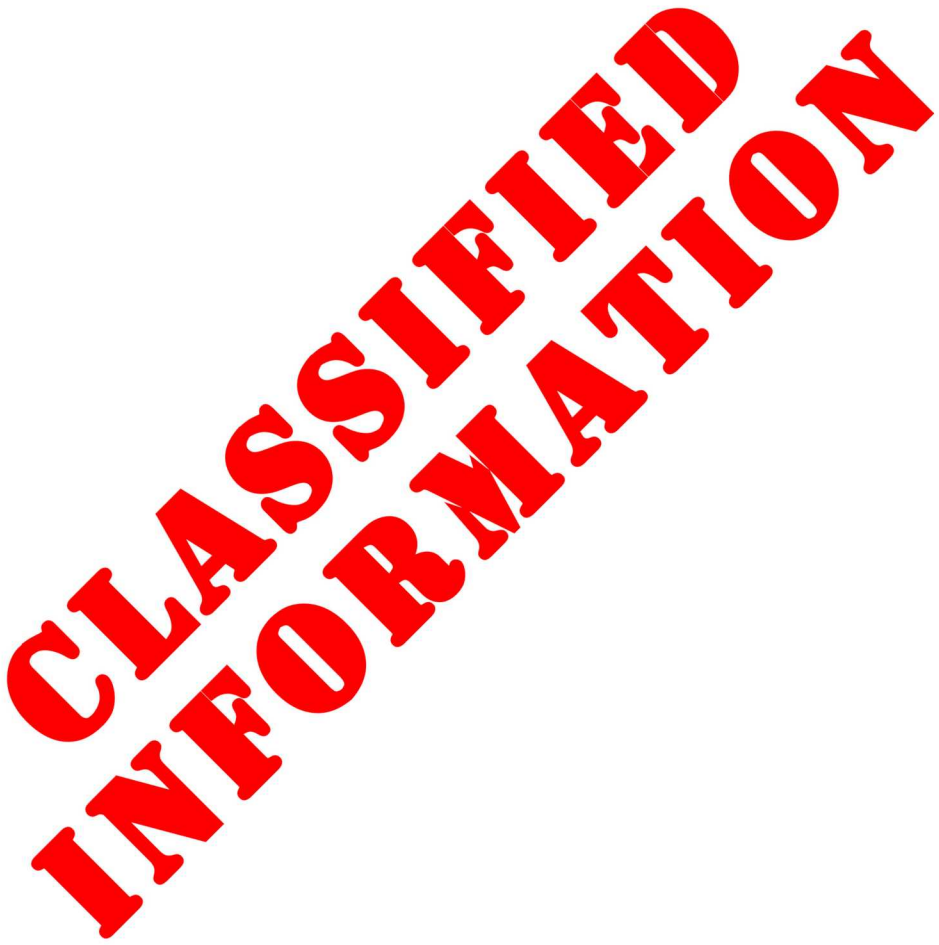
Memorandum on world economic activity and the stability of American financial markets

By Karl M. Wright

February 3rd 2026



On December 9th 2025 I released a memorandum warning of the fiscal red flags that have popped up in the United States financial markets. Specifically, the American tech industry and it's handful of supposedly trillion-dollar valuation corporations. In the ensuing nearly two months, much has happened with the political leadership of the United States to further isolate and sideline America from the global economic markets. It came to a crescendo at the World Economic Forum in Davos, Switzerland in late January 2026. The executive branch of the United States made some dire threats, the rest of the world united to issue a stern rebuke, and America was left looking like an utter fool.

The utter foolishness of the United States of America is very evident to everyone in the world outside the USA. Inside the USA however, Americans don't seem to understand how much they have been left behind by the rest of the world. Americans cling to the illogical notion of American Exceptionalism still. The dangers that America poses to the rest of the world has also become obvious to everyone except Americans. And this is being reflected in the United States financial markets and their Wall Street stock exchange.

As I mentioned in my December 9th 2025 memorandum, sooner or later these global financial rebukes are going to start impacting the American corporate technology sector. Recently, France announced it was abandoning Microsoft products in favor of its own EU developed software. Germany is a hub of many of these software solutions, and Germany has been more or less technologically independent for many years now. The European Union has also sought to issue more fines and financial damages on American tech software. Asia is increasingly using Chinese developed software for the own domestic software solutions. What all these data points amount to is that American technology corporations are being left in the dust. Bizarrely, these demonstrable facts are not being reflected in the America stock market.

American investors and the US capitalist class seem to be particularly prone to see the world through red, white and blue tinted glasses. The United States financial industry seems to be replete with those who blindly cling to American Exceptionalism ideology. But there is no way that Google and Apple should be valued as trillion dollar companies when their global market reach is collapsing, not expanding. It is collapsing of course due to the decisions of the US executive branch. But nevertheless, it is a provable fact that the rest of the world is quickly moving away from United States technology products. The investor class in America seems to be under the delusion that the Wall Street stock market will keep growing and growing. At some point in the future, massive loss of market cap and dwindling revenues are going to force them to wake up to reality. But just like the recession of 2008, capitalists don't want to admit there's a problem until the floor falls out from under them.

Adding to the confusion is the fact that the United States Federal Reserve Bank is being coerced and threatened by the executive branch, and the executive branch is releasing questionable reports on the American financial outlook by the Commerce Department. That makes it very difficult for the Wall Street analysts to make unbiased decisions in how they evaluate their stock portfolio and bond market investments. The stone cold reality is that the stock market class of American capitalists are being lied to. And they really don't have the ability to see reality because of the flood of bad information.

The end result of this situation for the United States financial infrastructure is that at some point in the two years, the over-leveraged and over-valued stocks in the Wall Street market are going have a day of reckoning. Best estimates for this market collapse by yours truly is probably 2028. It takes that length of time for the over-leveraged buyout papers to start hemorrhaging and the hedge fund analysts to start seeing a quickly growing problem in their data. But by then it will be too late.

Since by that time the United States Federal Reserve Bank will have been completely gutted by the US executive branch, there will be absolutely nothing to prevent the US banking industry from seeing a massive run on bank withdrawals. Probably, it will be like 1929 all over again. Party while you can, America. At some point you are going to have pay the piper.

Memorandum on documentation efforts and intelligence gathering on world economic activity, 2025

By Karl M. Wright

December 9th 2025

Recent reports on the state of the world economy have shed light on the direction of political movements and philosophies pursued by various world states. China made international news yesterday by announcing a one trillion US dollar trade surplus, the first world state to accomplish such a thing. This announcement was met from consternation from European Union leaders, and mostly silence from the United States. This growth in China's economy, first and foremost, shows that the American attempts to stifle China from becoming the world's largest economy have completely and totally failed. These sabotage efforts date back more than a decade, when American foreign policy think-tanks realized that the United States was going to get passed up in economic power at some point. As can be seen in the attached slides, American importation of Chinese goods has dropped 29% while increasing overall. The United States is being sidelined in the global economy, and the US has nobody to blame for this but itself.

There are some in the European Union that have a liberal capitalist political view, and are increasingly tempted to use economic coercion to try to stop China. Attempting such an endeavor would be extraordinarily foolhardy, as the US has become a poster child of what NOT to do. Continuing to be able to buy cheap Chinese goods keeps the European Union inflation percentage low, and at this key time of uncertainty in the global economy, having a weapon to keep domestic inflation low in the midst of the storm of US economic sabotage is a mighty piece of leverage. **I'm going to reiterate this for effect: keeping EU inflation low by buying cheap Chinese goods is the only way the European Union is going to survive America's global economic sabotage**.

There is a lot of displeasure in the minds of European Union voters in various states, and some have interpreted this to mean there is a shift to the political right that is happening in the individual states of the EU. It would be a serious mistake to read into this interpretation too much. The French voters have largely torpedoed Emmanuel Macron's attempts at austerity, and Macron's leadership coalition keeps finding itself going from one crisis to another. This isn't the sign of a rightward trend, it's a sign that the labor and worker coalitions are digging in their heels for a fight. Macron would be well advised to stop antagonizing his worker voters, which is presumably done to save his liberal capitalist corporate block. It's never a good idea to anger the working class voters in favor of the bourgeois class, and France should absolutely know this better than anybody. Instead, Macron should focus on building France's software and technology sectors, which would blossom significantly in the midst of American reputation decline. At some point, America's global economic sabotage is going to impact its tech companies, and it when it does, France and the rest of the EU have a unique opportunity to profit from it.

Russia's economy has mostly survived the storm of economic condemnation for its invasion of Ukraine largely because its energy reserves are so significant and voluminous, they can reduce pricing due to the sanctions and still make a tidy profit. As can be observed from the attached slides, Russia has the third largest uranium reserves in the world. Because Russia has such a large reserve of uranium, its leadership feels it can dictate a certain amount of world policy. This is of course largely a bluff, because Russia knows as well as anyone that a nuclear war with either Europe or the United States would wipe out most of the northern hemisphere, and there are no winners in that. France's nuclear weapons arsenal alone is enough to wipe out Russia, and the United Kingdom's ICBM stock piles are also single-handedly sufficient to wipe out Russia.

Even during the sanctions imposed by world states on Russia for the invasion of Ukraine, Russia continued to sell processed uranium fuel rods for electrical generation to EU states. This was one of the glaring exemptions to the sanctions. Slovakia and the Czech Republic are large purchasers of Russian uranium fuel rods, but almost all former Soviet states that are now in the European Union purchase Russian fuel rods from time to time. This is because almost all of these former Soviet states built their nuclear power plants before the fall of the Soviet Union, and were constructed using Soviet compatibility specifications. Even though these states are now in the EU, they are dependent on specific compatibility materials, and only Russia can supply these. Retrofitting these nuclear power plants for non-Russian fuel rods would be cost prohibitive. Even ignoring the cost of retrofitting, Russia sells processed fuel rods for much cheaper than anyone else can, which means that former Soviet states that are now in the EU are stuck. Only fearless EU leadership can now get them unstuck.

France dumps Zoom and Teams as Europe seeks digital autonomy from the US

France dumps Zoom and Teams as Europe seeks digital autonomy from the US

LONDON (AP) — In France, civil servants will ditch Zoom and Teams for a homegrown video conference system. Soldiers in Austria are using open source office software to write reports after the military dropped Microsoft Office. Bureaucrats in a German state have also turned to free software for their administrative work.

Around Europe, governments and institutions are seeking to reduce their use of digital services from U.S. Big Tech companies and turning to domestic or free alternatives. The push for "digital sovereignty" is gaining attention as the Trump administration strikes an increasingly belligerent posture toward the continent, highlighted by recent tensions over Greenland that intensified fears that Silicon Valley giants could be compelled to cut off access.

Concerns about data privacy and worries that Europe is not doing enough to keep up with the United States and Chinese tech leadership are also fueling the drive.

The French government referenced some of these concerns when it announced last week that 2.5 million civil servants would stop using video conference tools from U.S. providers — including Zoom,

Microsoft Teams, Webex and GoTo Meeting — by 2027 and switch to Visio, a homegrown service.

Related Stories

[Microsoft beats Wall Street expectations with $81.3B revenue]

1 MIN READ

The objective is “to put an end to the use of non-European solutions, to guarantee the security and confidentiality of public electronic communications by relying on a powerful and sovereign tool,” the announcement said.

“We cannot risk having our scientific exchanges, our sensitive data, and our strategic innovations exposed to non-European actors,” David Amiel, a civil service minister, said in a press release.

Microsoft said it continues to “partner closely with the government in France and respect the importance of security, privacy, and digital trust for public institutions.”

The company said it is “focused on providing customers with greater choice, stronger data protection, and resilient cloud services — ensuring data stays in Europe, under European law, with robust security and privacy protections.”

Zoom, Webex and GoTo Meeting did not respond to requests for comment.

French President Emmanuel Macron has been pushing digital sovereignty for years. But there’s now a lot more “political momentum behind this idea now that we need to de-risk from U.S. tech,” Nick Reiners, senior geotechnology analyst at the Eurasia Group.

“It feels kind of like there’s a real zeitgeist shift,” Reiners said

It was a hot topic at the World Economic Forum’s annual meeting of global political and business elites last month in Davos, Switzerland. The European Commission’s official for tech sovereignty, Henna Virkkunen, told an audience that Europe’s reliance on others “can be weaponized against us.”

“That’s why it’s so important that we are not dependent on one country or one company when it comes to very critical fields of our economy or society,” she said, without naming countries or companies.

A decisive moment came last year when the Trump administration sanctioned the International Criminal Court’s top prosecutor after the tribunal, based in The Hague, Netherlands, issued an arrest warrant for

Israeli Prime Minister Benjamin Netanyahu, an ally of President Donald Trump.

The sanctions led Microsoft to cancel Khan's ICC email, a move that was first reported by The Associated Press and sparked fears of a "kill switch" that Big Tech companies can use to turn off service at will.

Microsoft maintains it kept in touch with the ICC "throughout the process that resulted in the disconnection of its sanctioned official from Microsoft services. At no point did Microsoft cease or suspend its services to the ICC."

Microsoft President Brad Smith has repeatedly sought to strengthen trans-Atlantic ties, the company's press office said, and pointed to an interview he did last month with CNN in Davos in which he said that jobs, trade and investment. as well as security, would be affected by a rift over Greenland.

"Europe is the American tech sector's biggest market after the United States itself. It all depends on trust. Trust requires dialogue," Smith said.

Other incidents have added to the movement. There's a growing sense that repeated EU efforts to rein in tech giants such as Google with blockbuster antitrust fines and sweeping digital rule books haven't done much to curb their dominance.

Billionaire Elon Musk is also a factor. Officials worry about relying on his Starlink satellite internet system for communications in Ukraine.

Washington and Brussels wrangled for years over data transfer agreements, triggered by former National Security Agency contractor Edward Snowden's revelations of U.S. cyber-snooping.

With online services now mainly hosted in the cloud through data centers, Europeans fear that their data is vulnerable.

U.S. cloud providers have responded by setting up so-called "sovereign cloud" operations, with data centers located in European countries, owned by European entities and with physical and remote access only for staff who are European Union residents.

The idea is that "only Europeans can take decisions so that they can't be coerced by the U.S.," Reiners said.

The German state of Schleswig-Holstein last year migrated 44,000 employee inboxes from Microsoft to an open source email program. It also switched from Microsoft's SharePoint file sharing system to Nextcloud, an open source platform, and is even considering replacing Windows with Linux and telephones and videoconferencing with open source systems.

"We want to become independent of large tech companies and ensure digital sovereignty," Digitalization Minister Dirk Schrödter said in an October announcement.

The French city of Lyon said last year that it's deploying free office software to replace Microsoft. Denmark's government and the cities of Copenhagen and Aarhus have also been trying out open-source software.

"We must never make ourselves so dependent on so few that we can no longer act freely," Digital Minister Caroline Stage Olsen wrote on LinkedIn last year. "Too much public digital infrastructure is currently tied up with very few foreign suppliers."

The Austrian military said it has also switched to LibreOffice, a software package with word processor, spreadsheet and presentation programs that mirrors Microsoft 365's Word, Excel and PowerPoint.

The Document Foundation, a nonprofit based in Germany that's behind LibreOffice, said the military's switch "reflects a growing demand for independence from single vendors." Reports also said the military was concerned that Microsoft was moving file storage online to the cloud — the standard version of LibreOffice is not cloud-based.

Some Italian cities and regions adopted the software years ago, said Italo Vignoli, a spokesman for The Document Foundation. Back then, the appeal was not needing to pay for software licenses. Now, it's the main reason is to avoid being locked into a proprietary system.

"At first, it was: we will save money and by the way, we will get freedom," Vignoli said. "Today it is: we will be free and by the way, we will also save some money."

Associated Press writer Molly Quell in The Hague, Netherlands contributed to this report.

This version corrects the contribution line to Molly Quell instead of Molly Hague.

CLASSIFIED
INFORMATION